

## **2008 Herman Goldstein Award for Excellence in Problem-Oriented Policing Project Summary**

### **A. Scanning**

The Office of Special Investigations of the Indianapolis Housing Agency was able to link the increase in violent crime in Indianapolis to persons participating in federally assisted housing programs. The Indianapolis Housing Agency was able to document the connections among houses subsidized with federal housing assistance, criminal activity (particularly homicides) occurring at those locations and fraudulent mortgage activity. During 2006 nearly 80% of the criminal homicides were linked to federally-assisted housing programs. The abuse of housing program regulations has supported narcotics trafficking, an epidemic of mortgage fraud and foreclosures, unreported household income and occupancy which has facilitated the migration of organized criminal gang activity, denied available and affordable housing assistance to eligible applicants and destabilized the communities where these units are located.

### **B. Analysis**

Investigators with the Office of Special Investigations matched the data from the Indianapolis Metropolitan Police Department's case reporting system with the locations of federally assisted housing. When significant criminal activity was found at locations where the Indianapolis Housing Agency provided housing assistance payments, this triggered additional investigation into the tenants, the landlords and the banks or mortgage companies holding the loans on the houses. The investigators found unreported income by tenants, fraudulent payments to landlords and mortgages that were made fraudulently either through straw buyers, inflated house values or undocumented income.

### **C. Response**

Once the analysis was complete the Indianapolis Housing Agency, Office of Special Investigations, partnered with the Indianapolis Metropolitan Police Department to begin enforcement efforts. While the two departments worked together previously, this was a new initiative that was based on problem identification and problem solving techniques that utilized all the tools available to both departments.

#### **D. Assessment**

Through the combined law enforcement efforts of the Indianapolis Housing Agency and the Indianapolis Metropolitan Police Department, 100 persons were charged with defrauding HUD/IHA from 2005 – 2007. A total of \$842,283 was recovered from federally assisted housing recipients and landlords. As a result of this initiative the Indianapolis Housing Agency is now partnering with the Community Development Law Center and local Indianapolis communities to address the issue of mortgage fraud, subsequent foreclosures and the destabilizing effect these properties have on the surrounding neighborhood.

### **Project Description**

#### **A. Scanning**

A continuing source of complaints from residents in Indianapolis neighborhoods is about criminal activity and code violations existing at alleged “Section 8 properties”, properties where the tenants were assumed to be receiving federal housing assistance payments administered by the Indianapolis Housing Agency, the local public housing authority. This assumption strained the relationship between the community and the Indianapolis Housing Agency which was viewed as not taking action on subsidized

properties. Also there was increasing incidence of these properties being vacated and then creating new issues in the community because of the destabilizing effect of properties that are both vacant and in disrepair.

Investigators with the Indianapolis Housing Agency – Office of Special Investigations began to see the link between fraud in the distribution of housing assistance payments/mortgage fraud and the increasing incidence of criminal activity, particularly homicides. They found that in 2006 nearly 80% of the homicides that occurred could be linked to federally assisted housing programs administered by the Indianapolis Housing Agency. Fraud was fueling crime in all forms. From April 2001 to October 2006 two Indianapolis Housing Agency Investigators charged more than 244 people with stealing more than \$2 million in Federal funds in Indianapolis alone. Compare this to New York City Housing Authority, the nation's largest public housing agency where 284 persons were arrested for defrauding HUD programs with an investigative staff of 200.

The Indianapolis Housing Agency anticipated the impending storm of mortgage foreclosures in 2004. The net effect of foreclosure is the reduced number of available and affordable homes for subsidized housing recipients and applicants. The constant flipping of properties destabilizes neighborhoods across Marion County. A common theme was the number of persons who obtain hundreds of thousands of dollars in mortgage loans while clearly not having the resources or ability to repay the loans or manage the properties. This results in loan defaults and/or voluntary bankruptcy, local property taxes not being paid and increased demand for public safety services and other

city services. These high risk loans have created unrealistic and fraudulent property values in many neighborhoods.

This information was used to implement the Public Housing Safety Initiative in the Westside Weed & Seed area, an area designated by the United States Department of Justice. Members of the Public Housing Safety Initiative included Steve Golden from the Indianapolis Housing Agency, Office of Special Investigations, Lt. Marshall DePew from the Indianapolis Metropolitan Police Department's Southwest District, the Marion County Prosecutor's Office, and residents within the Westside Weed & Seed target area.

## **B. Analysis**

The problem was identified through an analysis of data from the Indianapolis Housing Agency on homes where the tenants were receiving housing assistance payments and runs, case reports and arrests provided by the Indianapolis Metropolitan Police Department. Where serious and violent crime overlapped with these locations additional investigations were undertaken. The Office of Special Investigations tracked arrests with federally assisted housing locations, tenants, landlords and known associates and charted this information. The arrests, charges and investigations that were tracked included criminal homicides, prior homicides/aggravated assaults, threats to public safety, other death investigations, armed robbery/carjacking, aggravated assaults with a gun, aggravated assaults with a knife, search warrants, firearms investigations, rape, sex offenders/neglect of dependent children, arson-fire investigations, narcotics investigations/arrests. Through this analysis a trail from landlord to tenant to known associates was made as well as links to fraudulent activity. Through this process, the

investigators were able to target the most significant criminal problems and fraudulent activity in the community.

This pattern of fraud and criminal activity was first identified by the Indianapolis Housing Agency in late 2003. However as a result of federal funding cuts the Indianapolis Housing Agency Police Department, that had been so successful in reducing crime in public housing communities, was eliminated. The IHA Executive Director Myers took his case to HUD Secretary Alphonso Jackson to request help in addressing this issue. As a result funding for the Public Housing Safety Initiative was awarded to Indianapolis which allowed for project implementation in federally designated Weed & Seed communities, although the criminal activities conducted in these communities reached beyond the boundaries of the Weed & Seed sites.

The results of the combined effect of mortgage fraud and criminal activity leading to foreclosure include 1) increased number of vacant and abandoned homes, 2) increased opportunity for criminal activity and 3) decreased number of available and affordable housing units for those who are truly in need. For example, the defendants charged during the period from 2004-2007 facilitated a total of 568 mortgage loans totaling \$37 million dollars, involved 55 HUD assisted homes with a total of \$283,628 in improper federal payments, and resulted in 31 individual bankruptcies. The defendants in these cases manipulated the HUD Section 8 program. The targets received HUD funds but did not pay their mortgages or concealed the sale of the property to ineligible third-person parties. The overall investigation has also shown a continuing pattern by certain lenders who are taking forced possession of foreclosed real estate either through Bankruptcy Court or Marion Superior Court. The targeted lenders are not transferring their

ownership in a timely manner leaving the public record with outdated ownership information which may obstruct the collection of property taxes.

This analysis was shared with the members of the Public Safety Housing Task Force in the Westside Weed & Seed target area. These discussions allowed the community to 1) understand the regulations governing federally subsidized housing programs, 2) learn about the tools that are available to the Indianapolis Housing Agency to combat housing fraud, and 3) provide law enforcement with information regarding problem properties and specific activities taking place.

### **C. Response**

Once the analysis was complete and funding received a series of activities were planned in conjunction with all the partners including the Indianapolis Housing Agency, the Indianapolis Metropolitan Police Department, the HUD Inspector General's Office, the Marion County Prosecutor's Office and the Westside Weed & Seed. A multi-faceted response was planned that utilized the authority of each of the partner agencies. The Indianapolis Metropolitan Police Department served search warrants and arrested persons engaged in criminal activities. The Marion County Prosecutors' Office filed both criminal and civil fraud charges as a result of the analysis completed by the Indianapolis Housing Agency. Each agency brought their own level of expertise to the initiative; the difference was that they had not previously been equipped with all the tools and information that this partnership brought together.

A series of responses to each analysis was planned that addressed all aspects of the situation including the criminal history of the tenants, their known associates, and their landlords; the status of the bank or mortgage company holding the loan; and a

review of the landlords' public financial transactions in relation to reported income.

Where any of these reviews raised red flags, the investigators worked to analyze that information further which led to the possibility of additional charges that could be filed.

#### **D. Assessment**

In November 2005, the Indianapolis Housing Agency - Office of Special Investigations, the Indianapolis Metropolitan Police Department and the Office of the Inspector General served the first criminal warrant of the Public Housing Safety Initiative which resulted in the criminal conviction of a Chicago based corporation and the cash recovery by the Marion County Prosecutor's Office of \$450,000 in fraudulently obtained HUD Housing Assistance Payments. A second criminal search warrant was executed in December 2005 connected to the shooting of a Marion County Sheriff's Deputy as a result of a bank robbery. This resulted in the criminal conviction of an Indianapolis landlord and the cash recovery (June 2006) of \$20,000 in fraudulently obtained HUD Housing Assistance Payments.

These successes led to the initiation of Project Death Ray in February 2006 which targeted criminal homicides and aggravated assaults connected to federally-assisted housing programs in the City of Indianapolis. In July 2006, the Marion County Prosecutor, the United States Attorney and HUD Secretary Alphonso Jackson announced the indictments against 51 persons charged with defrauding HUD/IHA programs. The arrests were connected to multiple homicides, violent crimes, narcotics trafficking and mortgage fraud. Later that year HUD issued a special waiver to the Indianapolis Housing Agency to retain 100% of any fraudulent funds recovered. Prior to this all funds recovered were returned to HUD.

A third search warrant was issued in October 2006 in the Westside Weed & Seed target area that had been dubbed “the epicenter of neighborhood destabilization”. The investigation linked the federally assisted home and its occupants to 11 criminal homicides, 26 narcotics investigations, 95 criminal arrests, 4 drive-by shootings, 6 high-risk narcotics search warrants, 15 firearms investigations, 3 armed robberies and 7 stolen vehicles since 1995. A total of 5 persons were arrested and subsequently convicted; \$41,000 was recovered from the ineligible landlord.

The Public Housing Safety Initiative arrests resulted in 100 persons being charged with defrauding HUD/IHA. A total of \$842,283 was recovered, \$2,163,174 in fraudulent and improper payments were identified and \$2,748,851 in fraudulent payments were prevented and put to better use.

As a result of this initiative the strategy is being improved and expanded beyond its original boundaries. In a letter to the Secretary of HUD and the HUD Inspector General in November 2007, the Executive Director of the Indianapolis Housing Agency requested that HUD, FHA and Fannie Mae suspend sales of foreclosed properties in 3 Indianapolis zip codes. In the letter Executive Director Myers stated, “The only way to stop the revolving door of fraudulent loans, neighborhood destabilization and catastrophic loss of affordable housing units is to remove them from the access of mortgage cartels. Again, it is undeniable that these homes are being sold over and over again, with each sale further destabilizing neighborhoods, families and placing public safety at risk”.

One of the issues identified as part of the Public Housing Safety Initiative was the status of the properties once they were vacated. To address this issue a new partner was



added to the strategy – the Community Development Law Center. The Community Development Law Center will work to get these properties into the hands of an appropriate receiver (in many cases the local community development corporation) and to obtain the support of a not-for-profit trust which will assume the costs related to the preservation of the home until it can be sold for homeownership or to a legitimate landlord for use as affordable rental housing. The Community Development Law Center will provide: 1) legal services including litigation challenging property owners that have been cited for serious on-going violations of health and safety codes, 2) legal assistance in other real estate matters related to problem properties, including receivership and foreclosure and 3) training for community residents. The Indianapolis Housing Agency's five year plan now provides for the Office of Special Investigations to conduct a criminal background investigation of potential landlords and therefore will prevent some of the problems of criminal activity and fraudulent payments.

### **Agency and Officer Information**

This initiative was a partnership between the Indianapolis Housing Agency – Office of Special Investigations and the Neighborhood Resource Unit of the Southwest District of the Indianapolis Metropolitan Police Department which used the Westside Weed & Seed area as the pilot site for this program. Lt. Marshall DePew has been engaged in Weed & Seed and problem oriented policing in the Westside Weed & Seed area where he led the Neighborhood Resource Unit whose purpose was to identify and solve problems that were occurring on the Southwest District. As part of the Weed &

Seed initiative Lt. DePew was training in problem solving and used it daily as part of his enforcement and community policing efforts on the Westside.

The efforts undertaken by this initiative were funded in part through a Weed & Seed Public Housing Safety Initiative grant awarded by the Department of Justice, Community Capacity Development Office. Lt. DePew and Assistant Chief Golden presented the results of this project at the 2007 Community Capacity Development Office National Conference in Detroit. A copy of the presentation is attached.

**Project Contact Person:**

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# Public Housing Safety Initiative

- ◆ Partnerships
- ◆ Resources
- ◆ Enforcement

H U D

1

S T R I K E

UPHELD

U.S.

SUPREME

COURT

(2002)

# 1776 Winfield Avenue

## "EPI-CENTER of EVIL"

- ◆ 11 HOMICIDES
- ◆ 26 DRUG ARRESTS
- ◆ 95 OTHER ARRESTS
- ◆ 4 DRIVE-BY SHOOTINGS
- ◆ 5 PEOPLE SHOT
- ◆ 15 FIREARMS ARRESTS
- ◆ 3 ARMED ROBBERIES
  
- ◆ NIBIN Hit as CATALYST









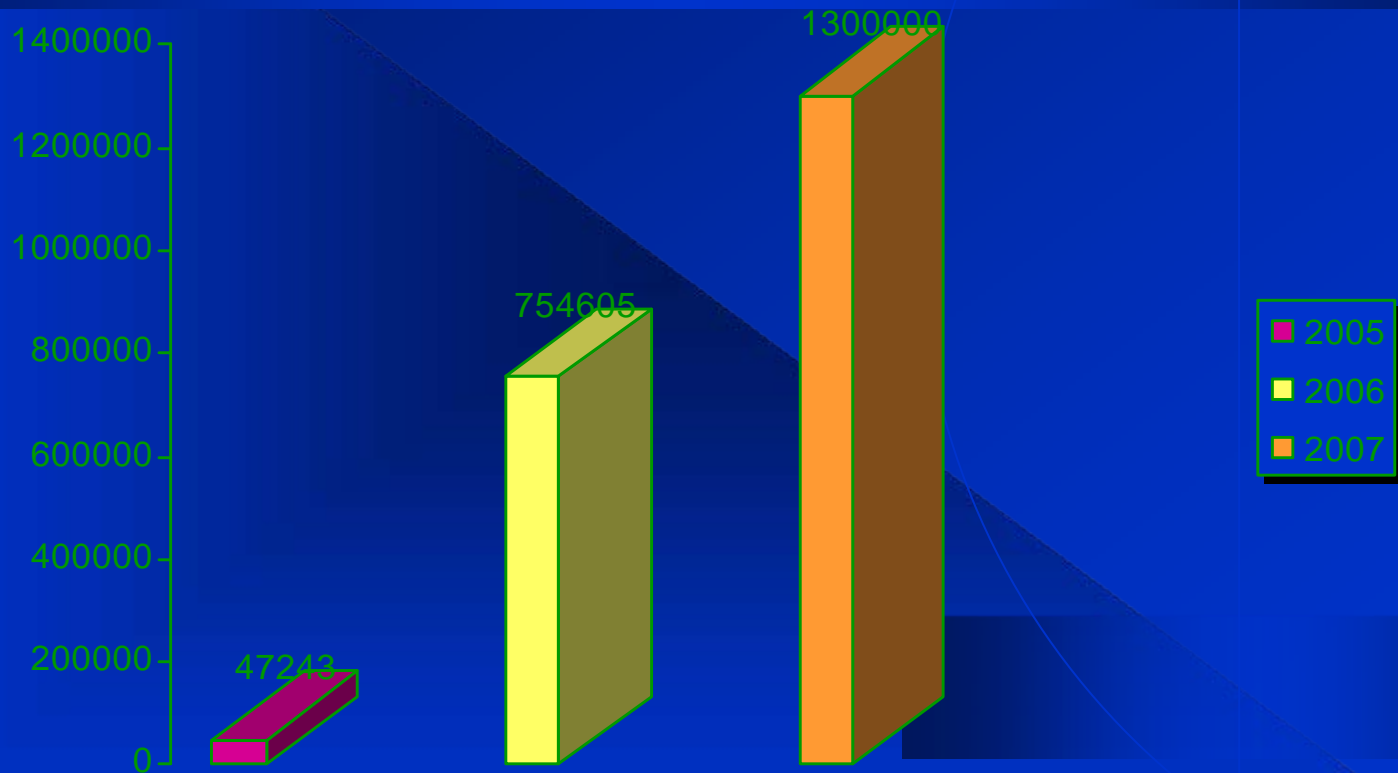




# CURRENT EVENTS

- ◆ USA Today
  - ◆ Mortgage Companies Close Units, Fire Workers
- ◆ 32,794 Layoffs thru Friday
  - ◆ (8,859 same period 2005)

# ASSETS RECOVERED



# STEPS TO SUCCESS



- ◆ Contact Local Housing Executive Director
- ◆ Contact Local HUD: Office of Inspector General
- ◆ Contract Services





# CONTACT INFORMATION

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6/17/2008

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6/17/2008



**Michael T. Spears, Chief of Police**  
Indianapolis Metropolitan Police Department  
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May 30, 2008

Rob T. Guerette, Ph.D  
School of Criminal Justice  
Florida International University  
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Dear Dr. Guerette:

This letter is to nominate Lt. Marshall DePew of the Indianapolis Metropolitan Police Department and Assistant Chief Steve Golden of the Indianapolis Housing Agency, partners in the Public Housing Safety Initiative, for the 2008 Herman Goldstein Award for Excellence in Problem-Oriented Policing. By analyzing the data relating to mortgage fraud and criminal activity, the two agencies were able to collaborate and secure a significant number of criminal arrests and prosecutions as well as recovery of funds paid out by the Indianapolis Housing Agency to fraudulent landlords. As a member of the Public Housing Safety Initiative Task Force, I was able to see first hand how they utilized problem oriented policing to successfully implement a strategy that is now being replicated in other Indianapolis communities.

As a result of this project, information about federally subsidized housing programs and regulations will now be included as part of officer training. This training and partnership provides law enforcement with one more tool to use in making Indianapolis a safer place to live and work.

Please feel free to contact me at 317-327-2103 if you have questions about the project or need additional information. Thank you for your consideration of this nomination.

Sincerely,

A handwritten signature in cursive script that reads "Barbara L. Rogers".

Barbara L. Rogers  
Indianapolis Metropolitan Police Department Grant Unit